

Issuing Activity and Currency in Circulation



5 Issuing Activity and Currency in Circulation

5.1 The issue of Slovak currency

In 2005, in accordance with the needs of currency circulation, the National Bank of Slovakia secured the printing of 34.42 million 1000 Sk banknotes through the British printer De la Rue, and contracted for the printing of 50 Sk banknotes by the Canadian Banknote Company, which is to be concluded in 2006.

Concerning the circulation of coins, the NBS secured the production of 17 million 50 halier coins of the 1996 type and 10 million 1 Sk coins. In addition, 10 Sk, 5 Sk, 2 Sk, 1 Sk and 50 halier coins dedicated for collectors were produced in 2005. The production and sale of annual collector sets of circulation coinage was secured by Mincovňa Kremnica, š. p. mint.

In 2005 the NBS issued five types of commemorative coins to mark certain important events and anniversaries. 200 Sk commemorative silver coins marking the 300th anniversary of the birth of Ján Andrej Segner and, within the theme of "Bratislava Coronations", 200 Sk commemorative coins dedicated to the 350th anniversary of the coronation of Leopold I were produced by the Polish mint, Mennica Państwowa in Warsaw. 5,000 Sk commemorative gold coins marking the 350th anniversary of the

coronation of Leopold I and 200 Sk commemorative silver coins devoted to the 200th anniversary of the signing of the Bratislava Peace Treaty after the victory of Napoleon I's armies near Austerlitz (Slavkov) were produced by Mincovňa Kremnica, š. p. mint. 500 Sk commemorative coins entitled "Protection of Nature and Landscape – Slovenský Kras National Park" were produced and delivered at the end of the year by the Czech mint, Bižuterie Česká Mincovna from Jablonec nad Nisou.

500 Sk commemorative silver coins entitled "Protection of Nature and Landscape – Muránska Planina National Park" and included in the 2006 issue plan, were delivered to the NBS. The coins were struck by Mincovňa Kremnica, š. p.

5.1.1 Currency in circulation and net annual issuance¹⁷ in the SR

As of 31 December 2005, the amount of currency in circulation in the SR (including Slovak and federal commemorative coins) was SKK 130.11 billion. Compared with 31 December 2004, the value of currency in circulation rose by SKK 20.2 billion in 2005. The year-on-year growth index of the value of currency in circulation was 18.4%.

Table 29 Commemorative coins issued by the NBS in 2005

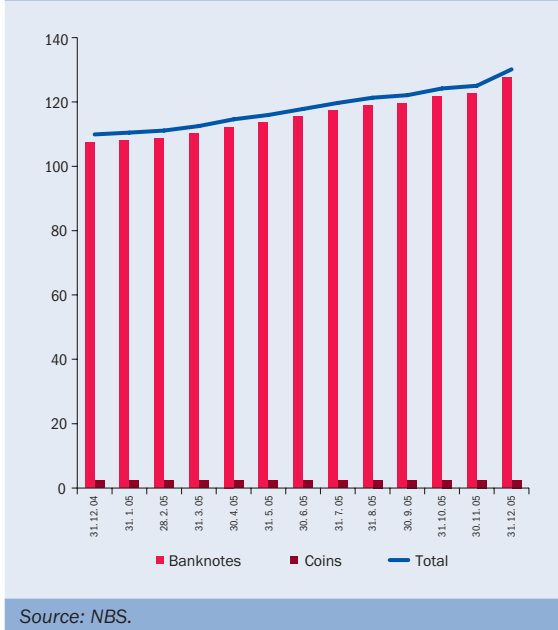
Face value	Event commemorated by the coin	Number of coins issued		Decree of the NBS
		Total	PROOF	
200 Sk ¹⁾	300 th Anniversary of the Birth of Ján Andrej Segner	11,300	3,300	589/2004
500 Sk ¹⁾	Protection of Nature and Landscape – Slovenský Kras National Park	12,100	3,600	52/2005
200 Sk ¹⁾	350 th Anniversary of the Coronation of Leopold I	13,700	4,800	288/2005
5000 Sk ²⁾	350 th Anniversary of the Coronation of Leopold I	5,000	5,000	511/2005
200 Sk ¹⁾	Bratislava Peace Treaty – the 200 th Anniversary of the Signing	8,500	3,400	549/2005

Source: NBS.
1) Commemorative silver coin.
2) Commemorative gold coin.

¹⁷ The net issuance is the difference between the amount of money put into and received from circulation in a specified period of time. The same concept is used by the European Central Bank.



Chart 46 Monthly development of currency in 2005 (SKK billions)



Source: NBS.

Compared with the same period of the preceding years, the amount of currency in circulation as at the end of each month continuously increased, without typical seasonal decline in the first quarter. The monthly net issuance values ranged from SKK 0.58 billion in January 2005 to SKK 5.06 billion in December 2005.

In 2005 the value of currency in circulation varied from SKK 109.5 billion to SKK 134.9 billion. The minimum value of currency in circulation was reached on 3 February 2004 and the maximum value on 23 December 2005, in the pre-Christmas period.

5.1.2 Structure of the net issuance and currency in circulation

On 31 December 2005, 161.8 million banknotes with a value of SKK 127.6 billion, 1,064.8 million circulation coins with a value of SKK 1.7 billion and 830 000 commemorative coins issued by the NBS with a value of SKK 612.2 million were in circulation.

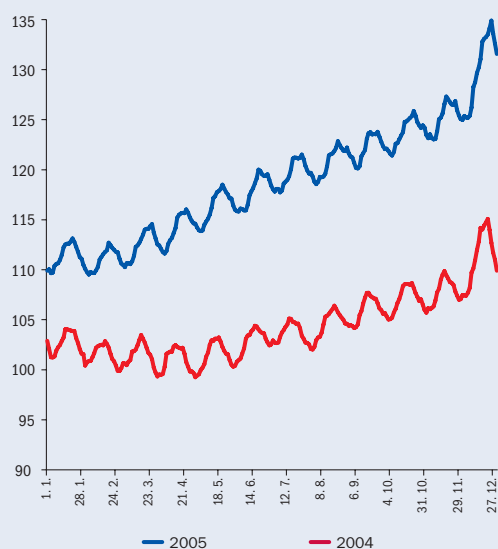
Table 30 Currency in circulation

(in SKK)

	Amount in SKK		Proportion in %	
	31 Dec. 2005	31 Dec. 2004	31 Dec. 2005	31 Dec. 2004
Banknotes				
5000 Sk	60,530,677,500	49,702,892,500	46.52	45.23
1000 Sk	56,298,082,500	47,876,243,500	43.27	43.56
500 Sk	4,864,545,875	4,428,680,875	3.74	4.03
200 Sk	2,055,817,650	1,845,758,050	1.58	1.68
100 Sk	2,386,890,550	2,301,353,750	1.83	2.09
50 Sk	803,035,150	734,480,750	0.62	0.67
20 Sk	668,318,405	638,825,785	0.51	0.58
Total	127,607,367,630	107,528,235,210	98.08	97.84
Circulation coins				
10 Sk	881,097,520	841,644,250	0.68	0.77
5 Sk	307,494,745	285,320,630	0.24	0.26
2 Sk	213,482,432	198,922,848	0.16	0.18
1 Sk	140,241,785	129,606,519	0.11	0.12
50 hal.	25,211,472	23,731,231	0.02	0.02
50 hal. II	63,057,108	53,230,099	0.05	0.05
20 hal.	44,346,033	45,006,309	0.03	0.04
10 hal.	26,998,155	27,304,295	0.02	0.02
Total	1,701,929,248	1,604,766,180	1.31	1.46
Commemorative coins¹⁾	801,298,680	956,268,950	0.62	0.87
Currency in circulation in total	130,110,595,558	109,900,050,240	100.00	100.00

Source: NBS.

1) Including federal commemorative coins.

Chart 47 Daily development of currency in circulation (SKK billions)


Source: NBS.

Of the total value of currency in circulation, banknotes accounted for 98.1%, circulation coins 1.3% and commemorative coins, including federal coins, 0.6%. Of the total number of coins and banknotes in circulation, banknotes accounted for 13.18%, circulation coins 86.75% and commemorative coins 0.07%.

Banknotes comprised SKK 20.1 billion (99.5%), circulation coins SKK 97.2 million (0.48%) and commemorative coins SKK 34.25 million (0.02%) of the total net issuance in 2005 (SKK 20.2 billion).

In 2005, the denominations which represented the largest net issuance (SKK 10.83 billion, 2.17 million pieces) were 5000 Sk banknotes, followed by 1000 Sk banknotes (SKK 8.42 billion, 8.42 million pieces). These two denominations together represented 95.4% of the net issuance in 2005.

As in 2004, the largest share of banknotes in circulation was comprised of banknotes in the denominations of 1000 Sk, 20 Sk and 100 Sk (56.3 million, 33,4 million and 23.9 million banknotes, respectively).

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Table 31 Currency in circulation (in pieces)

	Amount in pieces		Proportion in %	
	31 Dec. 2005	31 Dec. 2004	31 Dec. 2005	31 Dec. 2004
Banknotes				
5000 Sk	12,106,136	9,940,579	0.99	0.85
1000 Sk	56,298,083	47,876,244	4.59	4.10
500 Sk	9,729,092	8,857,362	0.79	0.76
200 Sk	10,279,088	9,228,790	0.84	0.79
100 Sk	23,868,906	23,013,538	1.94	1.97
50 Sk	16,060,703	14,689,615	1.31	1.26
20 Sk	33,415,920	31,941,289	2.72	2.73
Total	161,757,927	145,547,416	13.18	12.45
Circulation coins				
10 Sk	88,109,752	84,164,425	7.18	7.20
5 Sk	61,498,949	57,064,126	5.01	4.88
2 Sk	106,741,216	99,461,424	8.70	8.51
1 Sk	140,241,785	129,606,519	11.43	11.09
50 hal.	50,422,943	47,462,462	4.11	4.06
50 hal. II	126,114,215	106,460,197	10.27	9.11
20 hal.	221,730,163	225,031,543	18.06	19.26
10 hal.	269,981,546	273,042,950	22.00	23.36
Total	1,064,840,569	1,022,293,646	86.75	87.48
Commemorative coins	830,945	794,682	0.07	0.07
Currency in circulation in total	1,227,429,441	1,168,635,744	100.00	100.00

Source: NBS.



5000 Sk banknotes (totalling SKK 60.53 billion) and 1000 Sk banknotes (totalling SKK 56.3 billion) represented 89.8% of the total value of currency in circulation, which was 1% more than in 2004.

In 2005 the net issuance of coins represented a value of SKK 97.2 million (42.5 million pieces). In all circulation coin denominations, the net issuance was positive, and its highest value was recorded for 10 Sk coins (SKK 39.5 million). The highest increase in number was recorded for 50 halier coins (21.7 million items). In 2005 the effect of the end of validity of 20 and 10 halier coins was minimal – only 3.3 million 20 halier coins and 3.1 million 10 halier coin were returned from circulation (in 2004 it was 49.5 million pieces and 45 million pieces, respectively). As of 31 December 2005, 491.7 million 20 and 10 halier coins remained in circulation, i. e. almost half (46.17%) of the total number of coins issued between 1993 and the end of 2005.

The total number of commemorative coins in circulation grew in 2005 by 35,03 thousand pieces, i.e. by SKK 34.25 million. A total of 1,234 federal commemorative coins with a value of SKK 155.15 thousand were returned from circulation; their validity ended on 30 September 2000.¹⁸

5.1.3 The average value of currency in circulation

The value of currency in circulation including commemorative coins reached SKK 24,184 per capita¹⁹ on 31 December 2005. This consisted of SKK 23,719 in banknotes, SKK 316 in circulation coins and SKK 149 in commemorative coins. In comparison with 2004, the total value of currency in circulation per capita increased by SKK 3,757, of which banknotes accounted for SKK 3,733, circulation coins SKK 18, and commemorative coins SKK 6.

There were 30 banknotes per capita, which is three more than in 2004. The most numerous were 1000 Sk banknotes with 11 per capita and 20 Sk banknotes with 6 per capita. Between 2004 and 2005, the number of circulation coins per capita increased from 190 to 198. Halier coins (10, 20 and 50 halier) still have the largest share with 124 pieces per capita compared to 121 in 2004. Among valid coins, the most numerous is the 50 halier denomination with 36 pieces per capita.

The average value of the currency mark²⁰ reached SKK 106 in 2005, an increase of SKK 12 during the year. Its development corresponds to the development of the quantity and value of currency in circulation.

Table 32 Development of the average value of the currency mark

(in SKK)

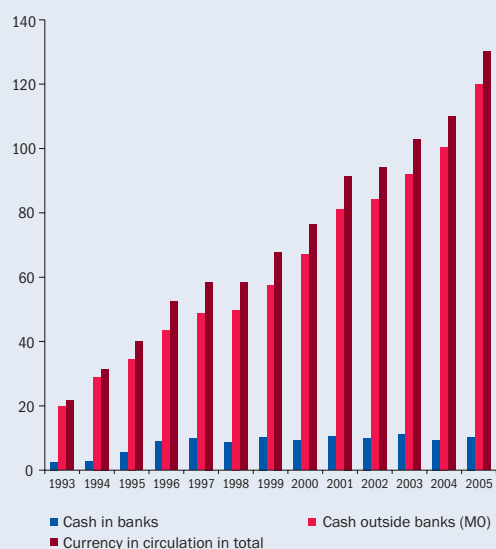
Rok	Banknotes	Circulation coins	Currency including commemorative coins
1993	289.3	3.2	90.2
1994	384.1	2.0	76.4
1995	455.6	1.8	76.7
1996	537.3	1.7	81.8
1997	566.3	1.6	80.5
1998	552.3	1.5	72.2
1999	594.1	1.5	76.1
2000	631.4	1.4	77.1
2001	693.6	1.4	84.4
2002	697.8	1.4	80.3
2003	729.2	1.4	85.0
2004	738.8	1.6	94.0
2005	788.9	1.6	106.0

Source: NBS.

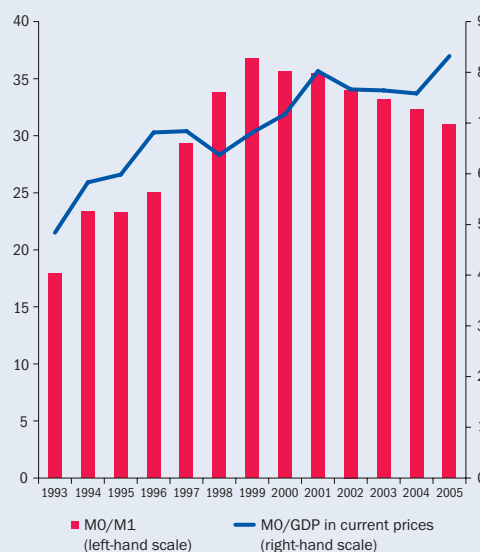
¹⁸ Decree of the NBS No. 278/2000 Coll. on ending the validity of the commemorative silver coins from the Czecho-Slovak currency issued from 21 August 1954 to 31 December 1992.

¹⁹ As of 31 December 2004, population numbered 5,384,822. Source: Statistical Office of the SR.

²⁰ Average value of the currency mark is defined as total value of currency in circulation to the total number of coins and banknotes in circulation.

Chart 48 Currency in circulation held by banks and outside banks (SKK billions)


Source: NBS.

Chart 49 Proportion of M0 to M1 and HDP (%)


Source: NBS.

A comparison of the development in the value of the currency mark since 1994, according to individual types of currency, is given in the following table 32.

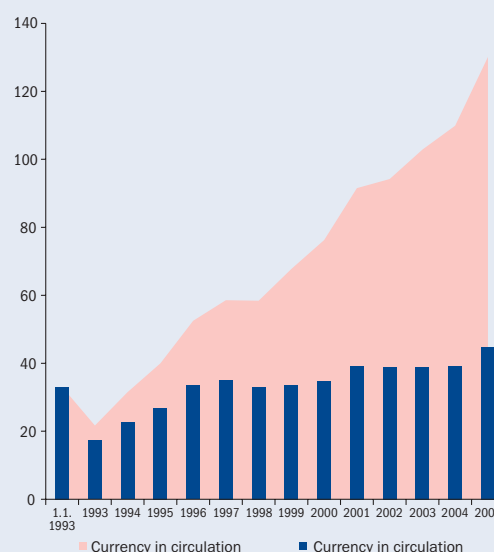
5.1.4 Currency in circulation and selected macroeconomic variables

In a year-on-year comparison, as of 31 December 2005, the total value of currency in circulation increased from SKK 109.9 billion to SKK 130.1 billion (18.4%). Of this, the amount held by the public grew from SKK 100.5 billion to SKK 119.8 billion (19.2%) and the amount held by banks increased from SKK 9.4 billion to SKK 10.3 billion (9.6%).

The share of currency in circulation outside banks (M0) in the monetary aggregate M1²¹ declined from 32.28% in 2004 to 31% in 2005. This indicator had shown a declining trend since 2001, which indicates that the level of cashless payments in Slovakia is gradually increasing.

In 2005 the share of M0 in GDP²² in Slovakia increased by 0.7 percentage points to 8.3%, which is comparable with respective values in the euro area countries (from 3 to 10%).

The value of currency in circulation in constant Sk (adjusted for inflation) stood at SKK 44.83 billion²³ on 31 December 2005. Compared to 2004, it incre-

Chart 50 Effect of inflation on currency in circulation (SKK billions)


Source: NBS.

ased by SKK 5.47 billion. The reason for the growth of currency in circulation in constant SKK is the fact that the annual rate of inflation (3.7%) was lower than the annual growth in the amount of currency in circulation (18.4%), whereas there had been no significant difference between the rate of inflation and currency growth in the previous four years.

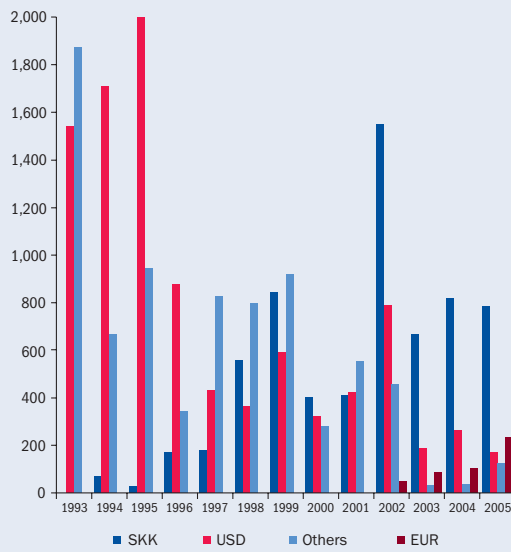
²¹ The aggregates M0 and M1 are calculated according to the NBS methodology (Monetary Survey January 2006)

²² Source: Statistical Office of the SR.

²³ The price level as measured by the CPI had increased by 190.25% since 1993.

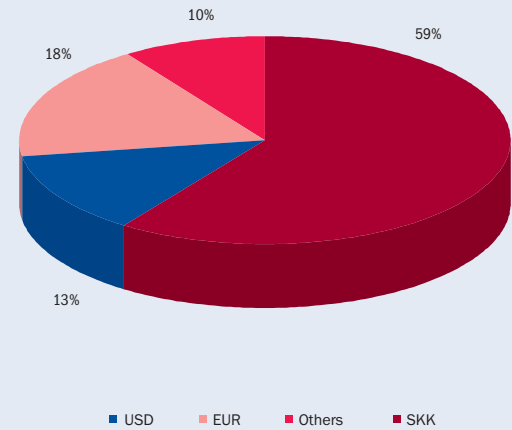


Chart 51 Number of seized counterfeit (in pieces)



Source: NBS.

Chart 52 Structure of counterfeit in 2005 (in %)



Source: NBS.

5.2 Counterfeit money seized in the territory of the Slovak Republic

In 2005, a total of 1,316 items of counterfeit Slovak and foreign currency were seized in the territory of the Slovak Republic. In comparison to 2004, a slight increase in the number of seized counterfeit was registered. Nevertheless, this figure is more than a third lower than the average of 1993-2005. As much as 90% of counterfeit were seized directly from circulation by banks, branch offices of foreign banks and non-banking entities.

Among the withdrawn counterfeit, Slovak koruna together with euro made up the largest shares (59% and 18%, respectively). The share of US dollars reached 13% and of the other currencies 10%.

5.2.1 Counterfeits of Slovak koruna

In 2005, a total of 777 counterfeit Slovak koruna banknotes, 4 composed banknotes, 1 forgery and 2 adapted coins were seized. The highest incidence of counterfeit was in the Prešov and Trnava regions (145 and 126 items, respectively). 1000 Sk and 500 Sk banknotes were the most frequently counterfeited. They made up more than 62% of all the counterfeited Slovak koruna banknotes.

5.2.2 Counterfeits of foreign currency

In 2005, a total of 171 counterfeit US dollar, 232 counterfeit euro, 1 composed euro banknote, 1 altered euro banknote and 127 counterfeit of other foreign currencies were seized in the territory of the Slovak Republic. The largest number of seizures was recorded in the Bratislava region.

Table 33 Number of seized Slovak koruna counterfeit (in pieces)

Year	Denomination										Total
	5000	1000	500	200	100	50	20	10	5	p ¹⁾	
2001	2	278	55	15	54	4	3	0	0	0	411
2002	14	1,307	105	17	49	38	17	2	0	0	1,549
2003	14	396	131	58	31	27	8	0	0	1	666
2004	45	419	203	36	68	36	11	1	0	1	820
2005	23	337	151	103	87	48	28	0	0	7	784

Source: NBS.

1) Forgeries and adapted and composed banknotes and coins.

Table 34 Number of seized US dollar counterfeits								(in pieces)
Year	Denomination						p ¹⁾	Total
	1	5	10	20	50	100		
2001	1	0	3	9	7	398	2	420
2002	4	1	1	1	11	768	4	790
2003	0	0	0	3	3	176	5	187
2004	3	0	1	1	5	252	2	264
2005	0	0	1	1	3	163	3	171

Source: NBS.
1) Manipulated banknotes, forgeries and adapted banknotes.

Table 35 Number of seized euro counterfeits									(in pieces)	
Year	Denomination							p ¹⁾	Total	
	2	5	10	20	50	100	200			500
2002	0	0	0	2	31	14	0	1	0	48
2003	0	0	2	18	41	9	13	4	1	88
2004	3	1	0	1	48	26	17	2	5	103
2005	8	0	0	13	114	26	37	34	2	234

Source: NBS.
1) Manipulated banknotes, forgeries, and adapted and composed banknotes.

Table 36 Number of counterfeits of other foreign currencies								(in pieces)
Year	Other foreign currencies						Others ¹⁾	Total
	GBP	CZK	CAD	PLN	CHF	HUF		
2001	1	243	6	9	1	1	288	549
2002	9	369	1	6	1	0	69	455
2003	20	3	6	2	1	0	0	32
2004	14	12	4	2	1	3	0	36
2005	82	21	3	1	1	18	1	127

Source: NBS.
1) The currencies replaced by the euro, and the Norwegian krone.

Counterfeit US dollars

In comparison to 2004, the number of seized counterfeit US dollars declined by 35%. The largest number of seizures was recorded in the Bratislava region, where 65 items were seized in 50 cases. The most frequently counterfeited denomination was the 100 USD banknote, which formed as much as 95% of the total number of US dollar counterfeits.

Counterfeit euro

The rising trend in the number of counterfeit euro that had persisted since 2002 continued in 2005 as well.

Compared to 2004, the number of counterfeit euro more than doubled in 2005. Counterfeit euro with 234 items accounted for 18% of the total number of seized counterfeits. In 2005, as in the previous period, the most frequently counterfeited were 50 EUR banknotes, which made up 48.7% of the total number of euro counterfeits.

Counterfeits of other foreign currencies

In 2005 the number of counterfeits of other foreign currencies more than tripled and accounted for 10% (127 items) of the total number of seized counterfeits. Counterfeits of British pounds formed the majority.